

Monthly Operating Report
ACCRUAL BASIS

CASE NAME:	Highland Capital Management
CASE NUMBER:	19-34054
JUDGE:	Stacey Jernigan

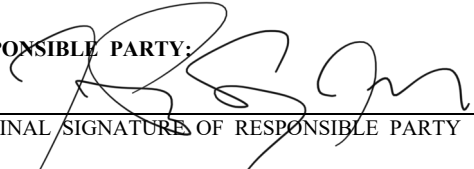
UNITED STATES BANKRUPTCY COURT
NORTHERN & EASTERN DISTRICTS OF TEXAS
REGION 6

MONTHLY OPERATING REPORT

MONTH ENDING: July 2020
MONTH YEAR

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY) IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:


ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

James Segry

PRINTED NAME OF RESPONSIBLE PARTY

Chief Restructuring Officer/ Chief Executive Officer
TITLE

9-1-20

DATE

PREPARER:


ORIGINAL SIGNATURE OF PREPARER

Frank Waterhouse

PRINTED NAME OF PREPARER

Chief Financial Officer

TITLE

8.31.20

DATE

Monthly Operating Report
ACCRUAL BASIS-1

CASE NAME:	Highland Capital Management, LP
CASE NUMBER:	19-12239-CSS

Comparative Balance Sheet
(in thousands)

	<u>10/15/2019</u>	<u>12/31/2019 ⁽⁶⁾</u>	<u>7/31/2020 ⁽⁶⁾</u>
Assets			
Cash and cash equivalents	2,529	9,501	9,824
Investments, at fair value ⁽³⁾	232,620	232,820	116,841
Equity method investees ⁽³⁾	161,819	183,529	99,748
Management and incentive fee receivable	2,579	1,929	3,714
Fixed assets, net	3,754	3,521	2,977
Due from affiliates ⁽¹⁾	151,901	146,245	148,633
Reserve against notes receivable		(57,963)	(57,963)
Other assets	11,311	11,493	15,332
Total assets	<u>\$ 566,513</u>	<u>\$ 531,076</u>	<u>\$ 339,106</u>
Liabilities and Partners' Capital			
Pre-petition accounts payable ⁽⁴⁾	1,176	1,141	1,051
Post-petition accounts payable ⁽⁴⁾	-	2,042	670
Secured debt:			
Frontier	5,195	5,195	5,195
Jefferies	30,328	30,020	-
Accrued expenses and other liabilities ⁽⁴⁾	59,203	63,275	61,416
Accrued re-organization related fees ⁽⁵⁾	-	5,547	6,561
Claim accrual ⁽²⁾	73,997	73,997	73,997
Partners' capital	396,614	349,857	190,217
Total liabilities and partners' capital	<u>\$ 566,513</u>	<u>\$ 531,076</u>	<u>\$ 339,106</u>

⁽¹⁾ Includes various notes receivable at carrying value, except note due from Hunter Mountain Investment Trust which is fully reserved against (\$58M reserve). Fair value has not been determined with respect to any of the notes.

⁽²⁾ Uncontested portion of Redeemer claim less applicable offsets. Potential for additional liability based on future events. No interest has been accrued beyond petition date.

⁽³⁾ Mark to market gains/(losses) on investments include pricing updates for publicly traded securities and other positions with readily available market price information. Certain limited partnership interests normally marked to a NAV statement have not been updated as of period end as statements are generally available on a one-month lag.

⁽⁴⁾ Note on accruals: expenses recorded in Accounts Payable and Accrued Expenses and Other Liabilities reflect invoices recorded through accounts payable, legal invoice accruals, and normal course operating accruals, but do not reflect estimates for other incurred, but not yet received invoices. For balance sheet dates other than the Petition Date, amounts include both pre-petition and post-petition liabilities.

⁽⁵⁾ Beginning December 31st, 2019, Debtor accrued for post-petition re-organization fees based upon an estimate of fees incurred to date.

⁽⁶⁾ All balances at December 31st, 2019 are preliminary, unaudited, and subject to further year-end closing entries pursuant to the normal year-end closing process. As a result, balances for subsequent months have and will fluctuate.

Monthly Operating Report
ACCRUAL BASIS-2

CASE NAME:	Highland Capital Management, LP	
CASE NUMBER:	19-12239-CSS	

Income Statement¹

(in thousands)

	Date	Filing to Year Ended ⁽⁴⁾	Month ended ⁽⁴⁾	Filing to date ⁽⁴⁾
	10/16/19 - 10/31/19	2019	7/31/2020	
Revenue:				
Management fees	975	4,528	1,405	16,611
Shared services fees	283	1,588	721	6,000
Other income	99	1,582	41	4,624
Total operating revenue	1,357	7,697	2,167	27,234
Operating expenses:				
Compensation and benefits	997	1,498	1,686	12,221
Professional services	256	64	257	1,589
Investment research and consulting	10	266	5	714
Marketing and advertising expense	-	370	30	452
Depreciation expense	82	244	78	786
Bad debt expense reserve	-	8,410	-	8,410
Other operating expenses	201	1,265	376	4,106
Total operating expenses	1,545	12,118	2,432	28,278
Operating income/(loss)	(188)	(4,421)	(265)	(1,044)
Other income/expense:				
Interest income	250	1,230	497	4,630
Interest expense	(107)	(286)	121	(632)
Reserve against notes receivable	-	(57,963)	-	(57,963)
Re-org related expenses ⁽²⁾	-	(5,547)	(1,760)	(23,708)
Independent director fees	-	-	(495)	(1,617)
Other income/expense	32	32	(31)	(132)
Total other income/expense	175	(62,534)	(1,668)	(79,422)
Net realized gains/(losses) on investments	339	618	(763)	(28,562)
Net change in unrealized gains/(losses) of investments ⁽³⁾	2,654	(955)	(3,073)	(33,957)
	2,993	(337)	(3,835)	(62,519)
Net earnings/(losses) from equity method investees ⁽³⁾	(20)	14,918	(3,166)	(69,030)
Net income/(loss)	\$ 2,959	\$ (52,374)	\$ (8,934)	\$ (212,014)

(1) Note on accruals: expenses recorded in the Income Statement reflect invoices recorded through accounts payable, legal invoice accruals, and normal course operating accruals, but do not reflect estimates for other incurred, but not yet received invoices.

(2) Debtor funded various retainers totaling \$790k prior to the petition date, which were entirely expensed as of the petition date.

(3) Mark to market gains/(losses) on investments include pricing updates for publicly traded securities and other positions with readily available market price information. Certain limited partnership interests normally marked to a NAV statement have not been updated as of period end as statements are generally available on a one-month lag.

(4) All balances are preliminary, unaudited, and subject to further year-end closing entries pursuant to the normal year-end closing process. As a result, operating results will change as these entries are made.

Monthly Operating Report
ACCRUAL BASIS-3A

CASE NAME:	Highland Capital Management
CASE NUMBER:	19-34054

	FILING TO YEAR END 2019	QUARTER	QUARTER	JULY
CASH RECEIPTS AND DISBURSEMENTS				
1. CASH - BEGINNING OF MONTH	\$ 2,554,230	\$ 9,501,409	\$ 12,532,467	\$ 14,993,872
RECEIPTS FROM OPERATIONS				
2. OTHER OPERATING RECEIPTS	\$ 1,862,757	\$ 1,379,338	\$ 2,983,221	\$ 758,938
3. MANAGEMENT FEES AND OTHER RELATED RECEIPTS	\$ 3,156,742	\$ 7,555,297	\$ 6,179,437	\$ 1,298,474
COLLECTION OF ACCOUNTS RECEIVABLE				
4. PREPETITION	\$ 3,593,108	\$ 76,569	\$ 3,727	\$ -
5. POSTPETITION ¹	\$ -	\$ -	\$ -	\$ -
6. TOTAL OPERATING RECEIPTS	\$ 8,612,608	\$ 9,011,204	\$ 9,166,385	\$ 2,057,412
NON-OPERATING RECEIPTS				
7. THIRD PARTY FUND ACTUAL/EXPECTED DISTRIBUTIONS	\$ 423,468	\$ 18,992,786	\$ 797,571	\$ -
8. DIVS, PAYDOWNS, MISC FROM INVESTMENT ASSETS	\$ 1,338,069	\$ 477,479	\$ 74,376	\$ 1,772
9. OTHER (ATTACH LIST)	\$ 3,390,286	\$ 1,407,103	\$ 10,010,000	\$ 3,750,000
10. TOTAL NON-OPERATING RECEIPTS	\$ 5,151,822	\$ 20,877,369	\$ 10,881,947	\$ 3,751,772
11. TOTAL RECEIPTS	\$ 13,764,430	\$ 29,888,573	\$ 20,048,331	\$ 5,809,183
12. TOTAL CASH AVAILABLE				\$ 20,803,055
OPERATING DISBURSEMENTS				
13. PAYROLL, BENEFITS, AND TAXES + EXP REIMB	\$ 3,776,446	\$ 8,825,042	\$ 4,886,314	\$ 2,243,199
14. SINGAPORE SERVICE FEES	\$ 95,118	\$ 58,129	\$ 2,965	\$ -
15. HCM LATIN AMERICA	\$ 200,000	\$ 100,000	\$ -	\$ -
16. THIRD PARTY FUND CAPITAL CALL OBLIGATION	\$ 1,426,987	\$ 7,812,469	\$ 3,087,163	\$ 979,631
17. UTILITIES	\$ -	\$ -	\$ -	\$ -
18. INSURANCE	\$ -	\$ 533,940	\$ 376,376	\$ -
19. INVENTORY PURCHASES	\$ -	\$ -	\$ -	\$ -
20. VEHICLE EXPENSES	\$ -	\$ -	\$ -	\$ -
21. TRAVEL	\$ -	\$ -	\$ -	\$ -
22. ENTERTAINMENT	\$ -	\$ -	\$ -	\$ -
23. REPAIRS & MAINTENANCE	\$ -	\$ -	\$ -	\$ -
24. SUPPLIES	\$ -	\$ -	\$ -	\$ -
25. ADVERTISING	\$ -	\$ -	\$ -	\$ -
26. OTHER (ATTACH LIST)	\$ 1,318,700	\$ 3,283,898	\$ 3,195,054	\$ 1,254,939
27. TOTAL OPERATING DISBURSEMENTS	\$ 6,817,251	\$ 20,613,478	\$ 11,547,870	\$ 4,477,770
REORGANIZATION EXPENSES				
28. PROFESSIONAL FEES	\$ -	\$ 5,460,546	\$ 5,572,032	\$ 5,959,765
29. U.S. TRUSTEE FEES	\$ -	\$ 68,173	\$ 167,025	\$ 505
30. OTHER (ATTACH LIST)	\$ -	\$ 715,317	\$ 300,000	\$ 541,289
31. TOTAL REORGANIZATION EXPENSES	\$ -	\$ 6,244,037	\$ 6,039,057	\$ 6,501,559
32. TOTAL DISBURSEMENTS	\$ 6,817,251	\$ 26,857,515	\$ 17,586,927	\$ 10,979,329
33. NET CASH FLOW	\$ 6,947,179	\$ 3,031,058	\$ 2,461,404	\$ (5,170,145)
34. CASH - END OF MONTH	\$ 9,501,409	\$ 12,532,467	\$ 14,993,872	\$ 9,823,726

¹ All postpetition receipts are included in line 3, Management Fees and Other Related Receipts.

Monthly Operating Report
ACCRUAL BASIS-3B

CASE NAME:	Highland Capital Management
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NON-OPERATING RECEIPTS - OTHER

Date	Amount	Type
7/29/2020	3,750,000.00	Highland Multi Strategy Credit Fund post-petition loan receipt

OPERATING DISBURSMENTS - OTHER

Date	Amount	Vendor
7/1/2020	170,277	Crescent TC Investors LP
7/2/2020	18,042	Siepe Software, LLC
7/2/2020	2,977	Open Text Inc.
7/2/2020	2,376	Nitro Software, Inc.
7/2/2020	2,216	Options Price Reporting Authority
7/2/2020	2,025	Crescent Research
7/2/2020	863	Verity Group
7/2/2020	600	Action Shred of Texas
7/2/2020	354	PCA-VALET, INC
7/2/2020	307	UPS Supply Chain Solutions
7/2/2020	192	Canteen Vending Services
7/2/2020	30	CHASE COURIERS, INC
7/2/2020	18,284	Ace Parking Management Inc.
7/1/2020	31,641	Third Party Consultant
7/1/2020	18,236	Bloomberg Finance LP
7/2/2020	7,000	EPC Group
7/2/2020	23,384	John Hancock U.S.A.
7/2/2020	160,139	Siepe Services LLC
7/3/2020	336	ATT
7/3/2020	532	DirecTV
7/10/2020	70,400	Intex Solutions, Inc.
7/10/2020	104	UPS Supply Chain Solutions
7/10/2020	5,885	ABM
7/10/2020	1,248	ProStar Services, Inc
7/10/2020	915	Canteen Vending Services
7/10/2020	9,592	Hedgeye Risk Mgmt, LLC
7/10/2020	11,888	Flexential Colorado Corp.
7/7/2020	20,658	CDW Direct LLC
7/10/2020	2,787	,Level 3 Communic
7/10/2020	3,574	ATT
7/10/2020	8,304	Third Party Consultant
7/10/2020	23,920	Lantana Communications Corporation
7/10/2020	25,690	HE Asante
7/10/2020	50	Arizona Department of Revenue
7/10/2020	50	Arizona Department of Revenue
7/10/2020	50	Arizona Department of Revenue
7/10/2020	651	Department of Treasury- Internal Revenue Service
7/13/2020	35,416	Trend Macrolitics LLC
7/14/2020	500	Pitney Bowes- Purchase Power
7/16/2020	500	Pitney Bowes- Purchase Power
7/17/2020	695	CDW Direct
7/17/2020	8,960	GRUBHUB for Work
7/14/2020	215,000	State Comptroller of Texas
7/17/2020	941	AT&t
7/17/2020	2,082	Zayo
7/17/2020	14,964	PWC Singapore
7/25/2020	320	PACER Service Center
7/21/2020	6,060	ATT
7/22/2020	441	ATT
7/22/2020	786	XEROX CORP.
7/24/2020	22,390	Compass Group USA dba Canteen
7/31/2020	22,500	SNI Companies
7/31/2020	1,043	DTCC ITP LLC
7/31/2020	1,692	Oracle America, Inc.
7/31/2020	4,308	Third Party Consultant
7/31/2020	6,371	Level 3 Communic
7/31/2020	8,700	Intralinks Inc
7/31/2020	9,535	Hedgeye Risk Mgmt, LLC
7/31/2020	12,643	Third Party Consultant
7/31/2020	18,042	Siepe Software LLC
7/31/2020	26,543	REFINITIV US LLC
7/31/2020	31,694	Willis Towers Watson Insurance Svcs
7/31/2020	157,238	Siepe Services LLC
	1,254,939	

REORGANIZATION EXPENSES - OTHER

Date	Amount	Description
7/1/2020	35,591	J.P. Seery & Co. LLC
7/1/2020	35,591	Nelms and Associates
7/1/2020	35,591	Dubel & Associates, L.L.C.
7/17/2020	434,516	J.P. Seery & Co. LLC
	541,289	

Monthly Operating Report
ACCRUAL BASIS-4

CASE NAME:	Highland Capital Management
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MGMT FEE RECEIVABLE AGING ²		April ³	May ³	June ³	July ³
1.	0-30	\$ 2,583,565	\$1,839,132	\$1,813,292	\$2,163,766
2.	31-60			\$1,163,000	\$1,550,667
3.	61-90				
4.	91+				
5.	TOTAL MGMT FEE RECEIVABLE	\$ 2,583,565	\$ 1,839,132	\$ 2,976,292	\$3,714,432
6.	AMOUNT CONSIDERED UNCOLLECTIBLE				
7.	MGMT FEE RECEIVABLE (NET)	\$ 2,583,565	\$ 1,839,132	\$ 2,976,292	\$3,714,432

AGING OF POSTPETITION TAXES AND PAYABLES			MONTH: July 2020		
TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL					\$0
2. STATE					\$0
3. LOCAL					\$0
4. OTHER (ATTACH LIST)					\$0
5. TOTAL TAXES PAYABLE	\$0	\$0	\$0	\$0	\$0
6. ACCOUNTS PAYABLE	\$810,035	(\$335,873)	\$2,845	\$192,607	\$669,614

STATUS OF POSTPETITION TAXES ¹		MONTH: July 2020		
	BEGINNING TAX LIABILITY	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
FEDERAL				
1. WITHHOLDING				\$0
2. FICA-EMPLOYEE				\$0
3. FICA-EMPLOYER				\$0
4. UNEMPLOYMENT				\$0
5. INCOME				\$0
6. OTHER (ATTACH LIST)				\$0
7. TOTAL FEDERAL TAXES	\$0	\$0	\$0	\$0
STATE AND LOCAL				
8. WITHHOLDING				\$0
9. SALES				\$0
10. EXCISE				\$0
11. UNEMPLOYMENT				\$0
12. REAL PROPERTY	\$0	\$0	\$0	\$0
13. PERSONAL PROPERTY				\$0
14. OTHER (ATTACH LIST)				\$0
15. TOTAL STATE & LOCAL	\$0	\$0	\$0	\$0
16. TOTAL TAXES	\$0	\$0	\$0	\$0

- 1 The Debtor funds all state and federal employment taxes to Paylocity, who files all required federal and state related employment reports and withholdings.
- 2 Aging based on when management fee is due and payable.
- 3 All balances are preliminary, unaudited, and subject to further year-end closing entries pursuant to the normal year-end closing process.

Monthly Operating Report
ACCRUAL BASIS-5

CASE NAME:	Highland Capital Management
CASE NUMBER:	19-34054

MONTH: July 2020

BANK RECONCILIATIONS		Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:		East West Bank	East West Bank	Maxim Group	Jefferies LLC	Nexbank	East West Bank	
B. ACCOUNT NUMBER:		x4686	x4693	x1885	x0932	x5891	x5848	
C. PURPOSE (TYPE):		Operating	Insurance	Brokerage	Brokerage	CD	Prepaid Card	TOTAL
1. BALANCE PER BANK STATEMENT ¹	\$	9,235,042	\$ 351,010	\$ 30	\$ -	\$ 137,929	\$ 100,036	\$ 9,824,046
2. ADD: TOTAL DEPOSITS NOT CREDITED								\$ -
3. SUBTRACT: OUTSTANDING CHECKS	\$	320						\$ 320
4. OTHER RECONCILING ITEMS								\$ -
5. MONTH END BALANCE PER BOOKS	\$	9,234,721	\$ 351,010	\$ 30	\$ -	\$ 137,929	\$ 100,036	\$ 9,823,726
6. NUMBER OF LAST CHECK WRITTEN		100508	n/a	n/a	n/a	n/a	n/a	

INVESTMENT ACCOUNTS		DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE		
BANK, ACCOUNT NAME & NUMBER							
7.							
8.							
9.							
10.							
11. TOTAL INVESTMENTS				\$0			\$0

CASH		
12. CURRENCY ON HAND		\$0
13. TOTAL CASH - END OF MONTH		\$9,823,726

1 Account x6342 is now closed.

**Monthly Operating Report
ACCRUAL BASIS-6**

CASE NAME:	Highland Capital Management
CASE NUMBER:	19-34054

MONTH: July 2020

PAYMENTS TO INSIDERS AND PROFESSIONALS

INSIDERS				
NAME		TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID POST PETITION
1	Frank Waterhouse	Salary	\$45,833	\$293,750
2	Frank Waterhouse	Expense Reimbursement	\$380	\$4,654
3	Scott Ellington	Salary	\$37,500	\$356,250
4	Scott Ellington	Expense Reimbursement	\$180	\$5,249
5	James Dondero	Salary	\$0	\$129,972
6	James Dondero	Expense Reimbursement ¹	\$0	\$16,918
7	Thomas Surgent	Salary	\$33,333	\$316,667
8	Thomas Surgent	Expense Reimbursement	\$543	\$3,542
9	Trey Parker	Salary	\$0	\$131,250
10	Trey Parker	Expense Reimbursement	\$0	\$6,212
TOTAL PAYMENTS TO INSIDERS			\$117,769	\$1,264,463

¹ The total amount of reimbursements during the reporting month also included \$9,749 for use of the credit card by the Debtor for office related expenses such as marketing, vending supplies, IT services and research.

PROFESSIONALS ²						
NAME		DATE OF MONTHLY FEE APPLICATION	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID
1.	Kurtzman Carson Consultants LLC		\$192,432	\$192,432	\$450,836	\$39,720
2.	Sidley Austin LLP		\$1,282,010	\$1,282,010	\$4,493,224	\$937,766
3.	Young Conaway Stargatt & Taylor LLP				\$281,156	\$0
4.	FTI Consulting, Inc.		989,136.65	989,136.65	2,755,753.64	\$933,584
5.	Pachulski Stang Ziehl & Jones LLP		2,782,984.84	2,782,984.84	6,493,655.63	\$1,205,399
6	Hayward & Associates PLLC		\$56,978	\$56,978	\$195,676	\$41,158
7	Development Specialists, Inc.		491,437.83	491,437.83	2,355,442.73	\$249,391
8	Foley & Lardner LLP		48,829.40	48,829.40	495,785.92	\$130,589
9	Mercer (US) Inc.		115,956.33	115,956.33	115,956.33	\$0
TOTAL PAYMENTS TO PROFESSIONALS				\$5,959,765	\$17,637,486	\$3,537,606

² Does not include payments to ordinary course professionals.

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

	NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1.	Crescent TC Investors LP (rent portion only)	130,364	130,364	-
2.				
3.				
4.				
5.				
6.	TOTAL	130,364	\$130,364	\$0

Monthly Operating Report
ACCRUAL BASIS-7

CASE NAME:	Highland Capital Management
CASE NUMBER:	19-34054

MONTH: July 2020

QUESTIONNAIRE

	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		x
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		x
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?	x	
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?		x
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?		x
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		x
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		x
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		x
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		x
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		x
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		x
12. ARE ANY WAGE PAYMENTS PAST DUE?		x

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

3 Debtor generates fee income and other receipts from various related parties in normal course, see cash management motion for further discussion.

INSURANCE

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	x	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	x	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS			
TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY